

**RIO
TINTO**

SUSTAINABLE DEVELOPMENT

local concept
community
environment
global meaning
development



Rio Tinto's contribution in the Rio decade

OUR COMMITMENT

Who we are

Rio Tinto is a world leader in finding, mining and processing the earth's mineral resources. Our worldwide operations supply essential minerals and metals which help meet global needs and contribute to improvements in living standards.

Mineral products include aluminium, copper, diamonds and gold, energy products (coal and uranium), industrial minerals (borax, titanium dioxide, salt, talc and zircon), and iron ore. Rio Tinto Group companies employ about 36,000 people and own operating assets of US\$13 billion on five continents.

We take a long term and responsible approach to all aspects of our business, concentrating on the development of first class orebodies into large, long life, efficient operations capable of sustaining competitive advantage.

Our success depends not only on the quality and diversity of our assets and the skills of our people but on our commitment to be a global partner and local neighbour with those who share an interest in our activities. Wherever we operate, we work as closely as possible with our hosts, respecting laws and customs, minimising adverse impacts, and ensuring transfer of benefit's and enhancement of opportunities.



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development



environment



community



GOOD BUSINESS SENSE

Rio Tinto's business case for sustainable development

Sustainable development involves values and principles that guide the corporate policies and practices of Rio Tinto Group businesses to contribute to economic, social and environmental progress as well as to institutional, operational and technological advances. The Group's sustainable development goal was set out in the 2000 Social and environment review, requiring businesses, operations and products to contribute to the global transition to sustainable development.

Within the next half century the population of the world is estimated to grow by 50 per cent. Human impacts on the world we live in will grow accordingly, and with them public concern about the effects. The industries which serve these increased needs must recognise and respond. If the mining industry is to retain its license to operate and its access to resources, it must understand the issues better, continuously improve performance and succeed in restoring public trust. Sustainable development appears to be the most appropriate basis for achieving this transformation.

The way we work, Rio Tinto's statement of business practice, sets out to ensure high corporate and personal standards in every aspect of the Group's work. The Group has identified sustainable development as a means of raising performance standards generally, including financial results and additional shareholder value. It sees strategic competitive advantage in creating value by minimising risk, maintaining and creating market access, minimising and managing environmental effects, working collaboratively with host communities and leveraging reputation. It recognises that a sustainable development response to social expectations translates into corporate strengths.

A strong economic, social and environmental agenda supports everyone's interests. Respect for the environment and good community relations provide a surer basis for uninterrupted operations. This is good for costs, ensures supply to consumers and benefits the community while securing lasting returns for investors and rewarding jobs for employees.

If the mining industry is to retain its license to operate and its access to resources, it must understand the issues better, continuously improve performance and succeed in restoring public trust.



OUR PRINCIPLES IN PRACTICE

Sustainable development in practice at Rio Tinto

At Rio Tinto, sustainable development is a global concept with local meaning. This is why a one-size-fits-all approach will not work for mining. Varying circumstances in terms of location, communities, environment, commodities, markets and scale mean that local solutions must be found.

Sustainable development cannot be achieved by industry alone. It requires concerted collaborative effort from industry, governments, inter-governmental agencies and civil society. Mining can make a positive contribution to, but not deliver, sustainable development.

What is the nature of that contribution? Based on the widely accepted Brundtland definition of sustainable development as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs", there are two essential parts:

First, meeting present needs.

Our operations can contribute by:

- Providing products, or their raw materials, to meet human needs.

- Creating wealth from minerals – communities and governments must convert this to economic growth and social uplift, and facilitate it's distribution.
- Creating sustainable livelihoods, directly and indirectly, through employment and the provision of infrastructure and community development programmes.
- Ensuring that the health and safety of our employees and host communities is not compromised through our activities.
- Protecting accepted human rights.
- Minimising the "environmental footprint" along the entire value chain.
- Adding to the knowledge and skills base of our host communities.
- Being transparent in the way we conduct our affairs and engaging with our communities and stakeholders to understand and address their concerns.

Second, preserving the ability of future generations to meet their needs. Our operations can contribute by:

- Optimising use of resources, including ore, water and energy.

- Discovering new mineral resources.
- Adopting a responsible materials management approach, including avoiding waste and finding ways to contribute to recycling.
- Adding to the stock of knowledge and skills in our host communities.
- Working with others to build institutional capacity in our host communities.
- Developing new technologies and applications.
- Closing operations at end of their economic life in a way that minimises social and environmental impacts and preserves future options.

The challenge for management is to work with other parties in making judgements about the appropriate balance between competing interests to arrive at accepted trade-offs. By addressing these challenges, Rio Tinto can make an important contribution to the economic prosperity and social well being of our host societies and the stewardship of our environment. We thereby add practical meaning to the concept of sustainable development.

POSITIVE ACTION

Corporate programmes and partnerships

Values and responsibilities need to be developed under an umbrella of corporate policies to ensure that best practice is deployed and issues are approached in a consistent way across the Group. This reflects the increasing globalisation of communications both internally and externally while operating responsibilities remain in the hands of local managements.

One of the implications is that the traditional technical and professional strengths of mining and metals people are no longer sufficient for the demands of today. Companies need in-house capabilities to ensure they are sensitive to issues such as sustainable development, climate change, biological diversity, human rights, and product stewardship. To better understand issues



such as these and develop responses we have created a number of partnerships with civil society organisations.

To learn about sustainable development, Rio Tinto played a leading role in the **Global Mining Initiative (GMI)** which included an in-depth consultation with those outside the industry on the challenges to the industry and the way forward. Through the three work tracks of the GMI, an analysis of the issues, a conference at which the industry engaged in dialogue with all comers, and the formation of a global industry association on sustainable development, the tools have been forged to increase the sector's contribution to sustainable development (See Sustainable development in practice page 02 and The Global Mining Initiative page 09).

One sustainable development issue that affects mining and metals is **climate change**. While there is considerable uncertainty over the timing and magnitude of climate change, we believe it is responsible to implement specific actions to reduce the amount of greenhouse gas emissions per unit of output that arise directly or indirectly from our operations and from the use and recycling of our products. Rio Tinto was the first mining company to join the the Business Environmental Leadership Council, a project of the Pew Centre of Washington DC, an organisation that

provides an influential forum on reducing the gas emissions that cause global warming and bringing about effective international agreements on climate change. We also support the World Coal Institute Sustainable Development Programme and the Australian Coal Association's Sustainable Development Programme.

At Rio Tinto, sustainable development is a global concept with local meaning.

Similarly, on another issue central to sustainable development, Rio Tinto is seeking to integrate **biodiversity** considerations into all management and decision making processes. We do so by undertaking rigorous biodiversity assessments of land we are interested in; reducing adverse biodiversity impacts by design and high management standards; implementing conservation measures in post mining land use plans; and investigating options to offset unavoidable adverse effects in project areas by conservation actions elsewhere.

Partnerships with civil society organisations with expertise in biodiversity help build fresh relationships and provide opportunities for Rio Tinto to engage in a two-way dialogue, to learn from other organisations, share outcomes and to contribute some of our skills to others. Partnerships to help understand biodiversity include those with BirdLife International, the Earthwatch Institute, Fauna and Flora International, the Worldwide Fund for Nature, The Royal Botanic Gardens at Kew and the Eden Project in the UK.

As part of Rio Tinto's commitment to the highest standards of social responsibility, we support the **Universal Declaration of Human Rights**, which includes economic, social and cultural rights, such as the right to work, to education, respect for culture, and a reasonable standard of living. We are a signatory of the **Global Compact** and have adopted and support the **Global Sullivan Principles** and the **UK/US Voluntary Principles on Security and Human Rights**. (See Rio Tinto and the UN Global Compact page 07).



We support and protect the dignity, well being and rights of those with whom we are directly involved: employees and

their families, and the local communities who are neighbours of our operations. The Group's **employment and communities policies** commit our operations to make a positive contribution to development through a relationship based on mutual respect. Infringements of community rights by others will be opposed, through dialogue and, where it will be helpful, in public. A human rights guidance provides direction to managers on implementation of our human rights policy. A business integrity guidance on the issues of bribery, corruption and political contributions is being prepared in 2002.

Sustainable development requires taking **responsibility for our products**, hence we seek to improve our understanding of the health, safety and environmental implications of the use of metals and minerals, and the need to better communicate their social and economic costs and benefits. We are working to ensure our products do not harm people's health or the environment; to better understand their recycling potential and the future needs for metals and minerals, and to promote stakeholder and community engagement in relation to our products.

To learn about and contribute to sustainable development, Rio Tinto played a leading role in the **Global Mining Initiative (GMI)**.

160 black employees of a family owned business bought out their employer, with each person acquiring one equal share of the new company.



ECONOMIC EMPOWERMENT

Richards Bay Minerals, South Africa

● Rio Tinto 50 per cent interest

Sustainable development programmes at Richards Bay Minerals (RBM) include economic empowerment in the local community. RBM adapted purchasing procedures to accommodate disadvantaged small businesses. In 1998 it created a special post in its buying department to create opportunities for SMMEs (Small, Medium and Micro Enterprises) to supply goods and services to the company.

This involves:

- Identifying and approaching disadvantaged small businesses and helping them establish themselves as viable suppliers of goods and services to RBM, through a process of guidance, assessment and accreditation.
- Seeking RBM requirements that can be sourced from this sector, unbundling main supply contracts and nominating sub-contractors, and planning new projects with a view to SMME participation.
- Promoting understanding of RBM's procurement procedures, and simplifying documentation and structured terms and conditions to accommodate the difficulties experienced by SMMEs, without detracting from the need to educate and align them with accepted business procedures and quality standards.

RBM spends US\$2.4 million with this sector every year. The most common goods supplied by SMMEs are tools, motor spares, paint and electrical consumables as well as civil, mechanical and electrical services required for the building and upgrading of offices, rural schools and clinics. Other examples of services provided by SMMEs are the replanting of vegetation on the mined dunes; a paper recycling and waste collection service; and the running of education programmes like literacy courses for adults and English language and supplementary science classes in rural schools.



A particularly successful example is a groundbreaking contract with several local black taxi co-operatives for the transportation of RBM shift and overtime staff to and from work every day. This has given the local taxi industry an alternative source of income, created 16 new jobs and is facilitating dialogue between the different taxi associations in an industry troubled by fierce competition.

A large contract broken down into smaller requirements involved the upgrading of rural factory units to qualify for a National Occupational Safety Association (NOSA) safety grading.

Instead of awarding the project to a single major contractor, the job was split up and awarded to four SMMEs with RBM as project manager.

RBM also identifies outstanding employees from disadvantaged groups who work for existing RBM suppliers, and enables them to start their own businesses by helping them to set up. It then guarantees sufficient work for them to establish themselves. This is done with the co-operation of employers who also benefit, either as franchise holders or from the sale of their business.

An example is a unique grassroots empowerment deal brokered by RBM in 1997, in which 160 black employees of a family owned business supplying labour services to RB – Mall labourers and semi-skilled men and women from nearby rural communities – bought out their employer, with each person acquiring one equal share of the new company. The new company generated more than US\$377,000 in turnover in its first year of operation and the former owner is employed by the company.



A set of principles were established against which Borax operations and products could be measured in terms of their sustainability.



SUSTAINABLE DEVELOPMENT UNDERPINS STRATEGY

Borax, US

● Rio Tinto 100 per cent interest



Rio Tinto Borax ships about one million tonnes of refined borates from its mining and refining operation in Boron, California,

each year. Borates are key ingredients in many industrial processes including the manufacture of glass, ceramics, fibreglass insulation, detergents, fertilisers and wood preservatives. Thousands of household products – from barbecue charcoal to contact lens solution and brake fluid to kitchenware – also contain borates.

The Borax Sustainable Development Project was launched in 2000 to measure how the company's operations and products contribute to a sustainable future as defined in economic, environmental and social terms. The project is to ensure that Rio Tinto Borax operations and products contribute to sustainable development.

A set of principles were established against which Borax operations and products could be measured in terms of sustainable development – along with five primary objectives to support the mission:

- protect the safety and health of employees, contractors, neighbouring communities and the public;
- enhance the human potential and well being of communities and employees;
- maximise efficient utilisation of

resources whilst minimising environmental impacts of our operations;

- optimise our economic contribution to society; and
- expand how our products contribute to sustainable development.

Indicators, metrics and goals were constructed within each objective to define both the company's performance to date and its priorities. The project exposed areas where current performance is substandard and provided the impetus to examine current projects using criteria that reflect all three aspects of sustainable development – economic, environmental and social.



Borax looked at how its products contribute to sustainable development. Borates are part of a new

technology to develop a clean source of energy for mobile applications. Boron in insulation fibreglass lowers energy consumption in both production and use. It increases crop yields in agriculture and makes stainless steel slag recyclable as construction material. Boron replaces harsher chemicals and reduces energy use at paper mills and protects wood from rot, decay and insect damage, preserving and extending this natural resource.

How Borax products are made and used can help consumers choose environmentally friendly products. For example, a life cycle analysis of borate-treated lumber measured how borates extend the life of structures, reduce the need for replacement wood and serve as a more environmentally friendly substitute for other systems.

Tasks for the future are to link sustainable development to individual performance and to demonstrate the business benefits of sustainable development to internal audiences. This involves agreeing on criteria to define those benefits, ironing out inconsistencies between the company's productivity, safety and sustainability goals, and making those criteria fundamental to daily decision making. Borax will reach out to customers, seeking out partnerships for developing new borate applications based on their sustainability in environmental and social terms – as opposed to strictly economic.



RELATIONSHIPS, THE KEY TO PLANNING

Diavik Diamond Mines, Canada

● Rio Tinto 60 per cent interest

Diamond production at Diavik's project site in northern Canada starts in 2003 after two years of construction. Before the project started, Diavik spent eight years building trust and meaningful relationships with local indigenous people comprising five Aboriginal groups who have historically used the land in and around the project site.

In planning the project with the help of neighbouring communities, Diavik was helped by the fact that the concept of sustainable development fits the traditions of Canada's North. Northerners respect the land and the wise use and stewardship of natural resources, wildlife and habitat so that future generations can enjoy similar benefits. Traditional knowledge is passed from generation to generation, which contributes to the ability of future generations to meet their needs.

Diavik regards neighbouring communities as full partners in realising the goal of sustaining ecological integrity, improving social well-being through increased human and community capacity, and sharing economic prosperity generated by the project.

From the beginning of project development, regular community meetings enabled Diavik to develop a shared vision of the future mine. With the help of elders, traditional knowledge was incorporated into

the project. This process of engagement and commitment led to a number of formal understandings between Diavik and the communities: an Environmental Agreement, a Socio-Economic Monitoring Agreement and separate Participation Agreements with each of the five Aboriginal groups.

The Environmental Agreement is thought to be the first of its kind in Canada to feature majority representation by Aboriginal groups not only as parties to the agreement but also as members of the independent board that monitors both the project and regulatory agency oversight.

The project has created opportunities for capacity building and improved social well being in communities, especially through empowerment and shared responsibility for community based employment training programmes. The project has resulted in significant

Improving social well-being through increased human and community capacity, and sharing economic prosperity generated by the project.

opportunities for Northern and Aboriginal businesses to build financial and human capacity for the future. A Northern Business Participation Policy seeks to ensure neighbouring communities share in the economic benefits from the project. More than 70 per cent of the project's goods, services and construction contracts have been won by Aboriginal joint venture or other Northern companies.

More than 90 per cent of Diavik employees live in the North; ensuring that company and mine are inseparably part of the evolving social and economic fabric of the region. Furthermore, to ensure the integration of sustainable development principles into Diavik decision-making and management practices, Diavik has developed an integrated sustainable development policy that builds on its vision and combines commitments towards health, safety, the environment and community matters. As a result, these commitments are addressed in corporate governance processes and set the foundation for Diavik's management systems.

responsibility solutions



The policy on health, safety and the environment recognises the link between excellence in managing these areas and long term business success.

GLOBAL COMMITMENT

UN Global Compact

Rio Tinto is one of more than 40 global companies that signed the UN Secretary General's Global Compact in July 2000. The Global Compact is a way of reconciling the creative forces of private enterprise with the needs of the disadvantaged and the requirements of future generations. It calls on industry to adhere to nine principles of best practice in the areas of human rights and environmental and labour standards.

Rio Tinto's statement of business practice *The way we work* provides policies and guidelines in the fields of corporate social responsibility and sustainable development that adhere to the Global Compact principles. The Group is committed to managing its activities responsibly, to protecting the health and safety of employees, to minimising adverse environmental consequences and to interacting beneficially with local communities.

The policy on health, safety and the environment recognises the link between excellence in managing these areas and long term business success. Performance is measured and verified in the annual Rio Tinto Social and environment review (www.riotinto.com/se) which discusses annual progress against declared commitments.



In the area of human rights, Rio Tinto's policy is based on support for the UN Universal Declaration

of Human Rights. Our work with communities contributes to the advancement of human rights, as do the economic benefits of our operations. Rio Tinto has developed detailed guidance for Groupwide management on implementing its human rights policy.

Rio Tinto also participated in extensive discussions convened jointly by the UK and US Governments on how to provide effective security for extractive operations in a manner consistent with its policy on protecting human rights. We have endorsed the new UK/US guidelines.

In the areas of employee stewardship and environment protection, the Group actively implements principles common to those of the Global Compact by making progress towards commitments that include:

- increasing the number and quality of targets to improve health, safety and environment performance;

- implementing programmes to improve the safety culture of the Group to meet the goal of zero injuries;
- increasing the focus on occupational health to meet the goal of eliminating occupational illness;
- developing tools to improve best practices including guidelines for environment and social impact assessment and risk assessment;
- improving understanding and communication of potential risks and benefits posed by metal and mineral products on the environment; and
- continuing to improve internal assurance mechanisms including the auditing and reporting process.



Where there are shortcomings or targets are not met, Rio Tinto continues to develop and implement major programmes to improve performance and tackle emerging issues in support of the Group's goals and the nine principles of the Global Compact.



ENVIRONMENTAL SOLUTIONS

Hamersley Iron, Australia

Hamersley Iron, a subsidiary of Rio Tinto, operates in an arid, sparsely populated area of north Western Australia where groundwater is a precious resource. Iron ore is mined from large open excavations that, in some cases as they go deeper into the earth's surface, can intersect with groundwater reservoirs (aquifers). Such a consequence of mining raises significant sustainable development issues for Hamersley, which under the sustainable development approach being embraced by the company, seeks to balance the economic, social and environmental impact of its operations.

Hamersley developed a new internal decision making model to help solve the dilemma that its operation faced. Should mining continue below the water table and if so, how could the impact on the water resource and the immediate environment be minimised? This had to be balanced with the social and economic benefits of the mine.

To find a solution, Hamersley developed and tested a methodology which attempts to evaluate the environmental, social and economic factors with the same rigour for mining below the water table (BWT). The process involved identifying stakeholders



across all areas of relevance and engaging with them to understand their particular concerns for BWT mining.

This enabled potential performance to be measured for a number of options and sustainable development "scorecards" completed to allow a more realistic comparison of each. From these, and from the broader understanding of stakeholder concerns, it was also possible to prepare an action plan to mitigate any emerging issues.

This type of stakeholder engagement has achieved a better balance between the competing demands and priorities for the water and mineral resources. By engaging local stakeholders the process aims to raise social and environmental considerations to a level equal to that of financial considerations, and ensure that all three sets of factors are considered together.

● Rio Tinto 100 per cent interest

We had to work out whether mining should continue below the water table and if so, how could the impact on the water resource and the immediate environment could be minimised?





CATALYST FOR CHANGE

Global Mining Initiative (GMI)

Rio Tinto was in the forefront of organising and contributing to the Global Mining Initiative (GMI), a mining and metals industry programme to develop a sustainable development model to improve the sector's social and environment performance.

The project aimed to build trust with society and develop business directions that ensure economic viability while contributing to sustainable communities and a sustainable environment.

The work of the GMI got under way in late 1999 focused on three parallel components:

- the MMSD (Mining Minerals and Sustainable Development) analysis of the issues facing the industry with pointers to how they could be addressed;
- a strategy conference involving the industry and stakeholders to discuss the way forward; and
- the creation of a global institution to carry forward the outcomes and engage in ongoing dialogue with society.

The programme was concluded in May 2002 at a landmark conference at which the leaders of the industry engaged with all comers in dialogue on the issues.



In attendance were more than 20 chief executives or chairmen of mining companies from



around the world, as well as other industry leaders, mining related officials from 25 governments including state

ministers, industry association and academic participants, and 74 leaders from non government organisations.

There were 520 participants from 42 countries. Rio Tinto chairman Sir Robert Wilson chaired the conference and delivered the opening and closing addresses, while a further seven of ten Rio Tinto participants either chaired discussions or presented papers.

Sir Robert said the conference provided the first forum of it's kind for the industry to meet with all interested parties including it's critics and conduct a thorough exchange of views on improved social and environmental performance. He noted that barriers of mistrust between the industry and it's critics had begun to erode.

Industry leaders have concluded it is imperative for the industry to continue the dialogue regarding ways to improve social and environment performance, negotiate agreement on protected areas off limits to mining, and develop performance protocols with verification mechanisms. They remarked on a new sense of willingness to create collaborative structures to share the

challenge of increasing contribution to sustainable development. With the creation in London of a global leadership body on sustainable development, the International Council on Mining and Metals (ICMM), the GMI, formed as a catalyst for change rather than an organisational entity, has completed it's work.

Build trust with society and develop business directions that ensure economic viability while contributing to sustainable communities and protecting the environment.

Partner with the local communities in their efforts to find solutions to the high rate of unemployment.



partnerships

SOCIO-ECONOMIC PARTNERSHIP

Palabora Mining Company, South Africa

● Rio Tinto 49.2 per cent interest

Palabora operates an integrated mining, concentrator, smelter and refinery complex, located at Phalaborwa in the Limpopo Province of South Africa, approximately 560 km north east of Johannesburg and adjacent to the Kruger National Park. The company mines and processes copper, copper by-products, and industrial minerals.

Construction of the open pit mine began in 1963 and the processing of ore in 1966. Subsequent expansions due to technological improvements extended the life of the mine to nearly double the originally planned 20 years (1965-1985).

Open pit operations ceased in April 2002, leaving the company with a choice of closing down operations or looking into the viability of a more costly, yet smaller underground operation.

If the decision had been made to close the mine at the end-of-life of the open pit, negative implications and other harmful multiplier effects would have resulted, not only for the local socio-economic situation, but also for the regional and national economies. Nationally, Palabora supplies all of South Africa's refined copper needs. Locally, with a population of 200,000 within a 50 km radius, the mine, together with two smaller interdependent organisations, produces approximately 80 per cent

of the area's GDP. Mine closure would have resulted in further aggravation of the local unemployment situation and a disastrous effect on the local economy.

The decision to go underground was a bold step and, together with a healthy industrial minerals division (vermiculite and zirconia basic sulphate) assures the sustainable future, albeit reduced, of the local economy and the supply nationally of refined copper for at least 20 years.

Environmentally the company has in place extensive ongoing programmes to minimise the effects of emissions, dust and water pollution, as well as an on-site wild life management programme. The company subscribes to the ISO 14001 environmental management system, and maintains a plan for eventual closure of operations, including management of social and environmental impacts, estimates of closure costs and financial provision, and consultation with local communities.



Health and safety are paramount. The safety goal is zero injuries and the health programme also has a goal of zero occupational illness. The company has been proactive in fighting HIV/AIDS and has awareness and support programmes on site.



Social responsibility has been a formal Palabora priority since the inception of The Palabora Foundation in 1987, established

to drive all company initiatives aimed at sustainable development in the neighbouring communities. Palabora has been the main source of funds for the Foundation, but as more programmes become self-sustaining, the Foundation will become more independent. Over the years the Foundation has become a partner with the local communities in their efforts to find solutions to the high rate of unemployment.

The Foundation's HIV/AIDS awareness and support project in the local communities was launched at the beginning of 2001 and is funded by Palabora, as well as other local and provincial organisations.

Another main focus of the Foundation is to improve teaching skills and educational performance from pre-school to high school. Intervention is aimed at creating a pool of students with the potential to pursue technical careers.

Current emphasis is on interaction with the communities adjacent to Rio Tinto Zimbabwe mining locations.



FOUNDATION SUPPORT

Rio Tinto Zimbabwe

Trusts and foundations have been adopted by Rio Tinto as a vehicle for community development for almost 30 years. A foundation is a legal entity with a board of directors that includes community and company representatives. It is a means of identifying needs and sharing control of community relations and development with community leaders. It is funded by the operation and often by other entities with an interest in the foundation's activities, such as governments. In addition, there may be partnerships with charities and trusts.



The Rio Tinto Foundation in Zimbabwe was set up in 1974 and receives its funds from dividends paid

on two million shares in Rio Tinto Zimbabwe Limited, which were set aside by Rio Tinto plc for that purpose. Its fortunes therefore, closely follow those of the local, public company. At inception, the Foundation focused on skills and education in agriculture to provide opportunities for young people to enter the cash economy in the rural areas.

The focus on education has continued over the life of the Foundation but the objectives have been adjusted towards rural development, the promotion of small scale enterprises and improved living standards for people.

Focus on education has continued over the life of the foundation but the objectives have been adjusted towards rural development.

Projects undertaken since inception have varied with the objectives of the time. A noteworthy project is the Rupike irrigation scheme served by construction of the Tugwane Dam in southern Zimbabwe. Rio Tinto Zimbabwe's nearby Renco gold mine started the project in 1988. Today management of the scheme has been turned over to the 200 plottolders who produce excellent vegetables, wheat and maize for sale to the mine and to local and national markets.

● Rio Tinto 56 per cent interest

Earlier Foundation projects included the construction of a 72 roomed hostel for apprentices at the Bulawayo Technical College, an institute of agriculture in the Zhombe communal area, and a number of rural schools. A variety of scholarships, ranging from technical education for the disabled, university entrance, and postgraduate support have been awarded through the life of the Foundation. More recently shell business units were constructed for emerging businesses. Current emphasis is on interaction with the communities adjacent to Rio Tinto Zimbabwe mining locations. To date the Foundation has contributed in excess of US\$7 million.





COMMUNITIES PLAN

Rössing Uranium, Namibia

● Rio Tinto 68.6 per cent interest



The Rössing mine in Namibia has a communities plan supported by the Rössing Foundation aimed at empowering

Namibians to improve their quality of life and entrepreneurial skills. It seeks to build lasting relationships of mutual benefit to Rössing and neighbouring communities through ongoing communication and active support of community initiatives.

Integration of sustainable development concepts into it's everyday business.

In 2002 Rössing embarked on the integration of sustainable development concepts into it's everyday business. To map out the plan, a risk and opportunity workshop was held which highlighted issues for consideration against the background of a depressed uranium market and the socio-economic environment of Namibia. A centralised planning management structure was established, known as Asset Management,

which allows the integration of socio-economic, environmental and operational planning activities.

Reviews are conducted on aspects ranging from progressive land rehabilitation projects to community assistance and resource management. Consultation with internal and external stakeholders is an important part of the process and is aimed at finding sustainable solutions for the business and the affected interested parties. One example is the active participation of the mine in a regional bulk user forum and water basin management committee.

Regular communication with the external members, and helping them with technical and management expertise, contributes to the joint development of policies and programmes. To measure progress, indicators specific to Rössing's impacts within the socio-economic and environmental context of Namibia are being drawn up. These will provide guidance to manage the improvement process and the means to report objectively on the programme inputs and outcomes.

Consultation with internal and external stakeholders is an important part of the process and is aimed at finding sustainable solutions for the business.



implement development



The resulting communities and their livelihoods will be more permanent than a mine.



MINE AND LAND DEVELOPMENT "SUNRISE"

Kennecott Utah Copper, US

● Rio Tinto 100 per cent interest



Kennecott Development Company (KDC) of Salt Lake City, Utah, was formed in April 2001

to develop the significant non mineral land and water rights of Kennecott Utah Copper (KUC) in the greater Salt Lake City area. The project is comparable to the development of a new orebody, except that the resulting communities and their livelihoods will be more permanent than a mine. It was recognised that once a mineral resource is depleted, the rehabilitated land becomes available for alternative uses which should contribute to sustainable economic development.

From a total land position of over 37,200 hectares, approximately 16,200 hectares have the potential for residential or commercial development. In addition, KUC has significant water rights that will be used to support long term commercial growth. KDC operates under separate management from the mining operations, in a manner that is both consistent with mining operations and supportive of sustainable development.

KDC's initial focus is to develop and implement a master plan for the Sunrise Project, a 1,800 hectares planned community in the City of South Jordan, the second fastest growing town in

Utah, and to prepare a master plan for the total land portfolio. This is the largest undeveloped land holding in single ownership in the Salt Lake Valley. When completed, Sunrise South Jordan will consist of over 13,000 residential units and significant retail and commercial complexes. The detailed feasibility studies and city approvals have been completed. Subject to approval by Rio Tinto, the construction of residential units will commence in 2003.

KDC's strategy is to manage the land master planning and entitlement process and to be responsible for infrastructure construction and financing and the management of external developers of residential and commercial buildings. A number of real estate, land planning, design, architectural, engineering, environmental and transportation consultants are assisting.

Sunrise is intended to be a true "town and country" living experience, where development is efficiently located in urban villages, surrounded by broad bands of natural open spaces.

The planning and design of Sunrise is based on four fundamental principles:

- distinct neighbourhoods – developed around neighbourhood schools which have a variety of housing options and which are within walking distance of the village and town centres that provide the basic services of daily life;

- active town and village centres – which serve as centres of employment, higher density housing, local and regional shopping and entertainment, all easily accessible on foot or by car or transit from the rest of the project and the broader community;
- an attractive park system – which serves the needs of Sunrise residents and those in the surrounding region, while respecting the natural landscape and protecting scenic views; and
- a balanced approach to transportation – which provides for multiple, safe



modes of travel, including pedestrian, bicycle, car and public transport, within an interconnected-grid street system.

Sunrise South Jordan is the largest development of its kind to be proposed in Utah. In recognition of its sustainable vision, the master plan was awarded in 2002 the Governor of the State of Utah's Quality Growth Grand Achievement Award in Design and Planning.

social future development direction

Continue to develop and apply systems and processes that attract, retain and motivate employees at all levels.



FUTURE FOCUS

Future directions for Rio Tinto

Rio Tinto's most important task in the coming years is to live up to our values and objectives. We shall build on what we have achieved so far. The report of the Mining Minerals and Sustainable Development (MMSD) project, one of the outcomes of the Global Mining Initiative, is challenging us and others in the industry to address many aspects of what we do and how we do it.

Our future direction on sustainable development is to:

- 1 continue our internal work in enhancing our contribution to sustainable development;
- 2 review comprehensively our statement of business practice *The way we work* both in the light of developments since it was first written in 1997 and the MMSD report;
- 3 revise and integrate the concepts of sustainable development into our mine closure plans and communities plans in conjunction with host communities;
- 4 continue to play a leading role in developing meaningful indicators for our social and environmental impacts and the related processes of reporting and assurance;
- 5 maintain our focus on safety as we work towards our goal of zero injuries and illness amongst employees; and
- 6 continue to develop and apply systems and processes that attract, retain and motivate employees at all levels.

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Minerals and metals for the world

